

Statement to the Michigan Senate Committee on Finance

Senate Bill 960 (substitute)

October 18, 2016

I am Jane Schoneman. I reside at 2287 Thornwood Drive, Holt, Michigan, 48842, and I am here today to speak in favor of Senate Bill 960 (substitute). I have been a supporter of the Women's Center of Greater Lansing (WCGL) since its incorporation in April of 2003. When I retired in 2008 I became a volunteer at the center and then a member of its board of directors in 2009, subsequently assuming the responsibility of board chair in the years 2009-12. My board term expired at the end of 2014, and now I serve as director emeritus. I have been a participant in many of the successes and growing pains of this unique organization. Today I want to share the center's experience in attempting to obtain exemption from personal property taxes as a non-profit corporation,

Empowered by a group of visionary women, with the leadership of two co-founders Cindie Alwood and Manuela Kress, WCGL attained its non-profit 501(c)(3) status in May of 2005 and opened its doors at 1710 East Michigan Avenue in June of 2005. In 2008, the building next door (1712) opened to the public. The center was staffed by Ms. Kress and Ms. Alwood, each with the title of co-director. For much of its existence the center has had at most two paid staff.

Because of the center's IRS status and absence of any communication from the City of Lansing regarding personal property taxes, the co-directors were unaware of a pending issue. At one point, they were notified that there would be a visit by a representative of the Assessor's Office with no date or time given. In 2008, the Assessor arrived at 1712 East Michigan Avenue and began asking questions about the center and its operation. She never spoke to either co-director (one was on the premises in 1710 but unaware of the Assessor's presence next door). Instead, the Assessor talked to volunteers, interns and clients and based her determination that WCGL did not meet non-profit requirements on discussions with persons not familiar with the internal operation of the center or its stated and working policies; in addition none of these individuals were authorized to speak for the center. Additionally, the co-director was told that the Assessor did not appear to be using any kind of checklist or making notes while she was there.

The center then learned that it was denied exemption from personal property taxes because the Assessor believed it denied services to men. Had the Assessor spoken to either of the co-directors, she would have learned that this is completely untrue. While the focus is on providing services to women, the center works with any person who asks for help. Men have been provided with information and referral, workshops, support groups and counseling from the beginning.

Co-director Kress attempted to clarify this with the Assessor, but was unsuccessful. At this point, she asked for my assistance as board chair. After a number of attempts, it became clear that we had no choice but to appeal to the State of Michigan Tax Tribunal, a daunting task since our bare bones budget did not have room for legal fees. Fortunately, in her research Ms. Kress found the Michigan State University College of Law Tax Clinic. In April of 2009 we were able to meet with a clinic attorney and a student, so Ms. Kress and I gathered and organized our information and presented our case for the clinic's consideration.

The clinic agreed to proceed with our appeal, and in short order our petition was submitted to the Tax Tribunal, with the request that the Tribunal grant the center's Motion for Summary Disposition. In September of 2010, the Tribunal granted the motion, and the center was awarded the personal property tax exemption without having to proceed to a formal hearing.

I believe that SB 960 will alleviate the challenges the center faced in two ways. First, the definition of a non-profit charitable institution appears to limit 'gray areas' and simplify the determination of what is, or is not, a qualifying organization for property tax exemption. Second—and very important for both assessors and non-profits—the final item in the proposed bill: "The State Tax Commission shall work with an organization that represents nonprofit organizations in this state to provide educational materials and programs to assessors of local tax collecting units on the changes to this section made by the amendatory act that added this subsection." My hope is that this change will provide for consistency in determination across the state.